
By: **Delegates Glassman and Parrott**

Introduced and read first time: February 7, 2003

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Agricultural Land Preservation Foundation - Installment**
3 **Purchase Agreements**

4 FOR the purpose of increasing the maximum term for an installment purchase
5 agreement of an easement by the Maryland Agricultural Land Preservation
6 Foundation; providing that an installment purchase agreement between an
7 individual seller and the Foundation shall contain provisions relating interest
8 rates, annual payments, and the length the agreement; and generally relating to
9 the Maryland Agricultural Land Preservation Foundation.

10 BY repealing and reenacting, with amendments,
11 Article - Agriculture
12 Section 2-510(k)
13 Annotated Code of Maryland
14 (1999 Replacement Volume and 2002 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Agriculture**

18 2-510.

19 (k) At the time of settlement of the purchase of an easement, the landowner
20 and the Foundation may agree upon and establish a schedule of payment such that
21 the landowner may receive consideration for the easement in a lump sum, or in
22 [installments] AN INSTALLMENT PURCHASE AGREEMENT over a period of up to [10]
23 20 years from the date of settlement. At the time of settlement, [the Foundation shall
24 notify in writing each landowner who sells an agricultural easement to the
25 Foundation of the schedule of anticipated ranges of interest rates to be paid on any
26 unpaid balance after the date of settlement] THE INSTALLMENT PURCHASE
27 AGREEMENT (IPA) BETWEEN THE FOUNDATION AND THE INDIVIDUAL SELLER SHALL
28 INCLUDE THE TOTAL AMOUNT OF MONEY THAT THE STATE HAS AGREED TO PAY THE
29 LANDOWNER AND THE TERMS OF THAT AGREEMENT, INCLUDING THE FIXED
30 INTEREST RATE ON WHICH THE LANDOWNER SHALL RECEIVE ANNUAL PAYMENTS.

1 AN IPA SHALL BE FOR 20 YEARS, AND THE INTEREST AND A SMALL PORTION OF THE
2 PRINCIPAL ON THE IPA SHALL BE PAID ANNUALLY. AT THE END OF THE 20 YEARS
3 UNDER THE IPA, THE LANDOWNER SHALL RECEIVE A LUMP SUM PAYMENT
4 CONSTITUTING THE REMAINDER OF THE PRINCIPAL.

5 (1) If a schedule of installments is agreed upon, the Comptroller shall
6 retain in the Maryland Agricultural Land Preservation Fund an amount of money
7 sufficient to pay the landowner according to the [schedule] INSTALLMENT
8 PURCHASE AGREEMENT.

9 (2) The landowner shall receive interest on any unpaid balance
10 remaining after the date of settlement. The State Treasurer shall invest the unpaid
11 balance remaining after the date of settlement in a certificate or certificates of
12 deposit at the maximum interest rate offered by a bank servicing the State or at such
13 other institutions which pay the maximum interest rates payable on time and savings
14 deposits at federally insured commercial banks selected by the Treasurer, to mature
15 in accordance with an agreed upon schedule of installments as provided in this
16 section. Any interest earned on the invested unpaid balance shall be paid with the
17 installment when due, less 1/4 of 1 percent.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
19 effect October 1, 2003.